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SUBJECT: CHILE'S PRESIDENTIAL HOPEFULS JOCKEY FOR POSITION

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Sensitive but unclassified. Please handle accordingly.

1. (SBU) Summary: Ricardo Lagos's recent announcement that he will not be running for president for the ruling center-left Concertacion coalition has shifted the scenario for presidential hopefuls. While the Christian Democrats (DC) and the Radical Social Democrats (PRSD) have their candidates and OAS Secretary General Jose Miguel Insulza is the likely pick for the Socialist Party (PS), the Party for Democracy (PPD) has not decided how to proceed with Lagos out of the running. The probable scenario is an Insulza-Frei primary in April while the conservative Alianza coalition's candidate will be Sebastian Pinera. In the meantime, the presidential politicking is already overshadowing the Bachelet administration, which will face an uphill battle over the next year in terms of making gains in its legislative agenda. End summary.

Lagos: Thanks, But No Thanks

2. (U) Former President Ricardo Lagos Escobar held a press conference December 4 definitively announcing that he will not be running in the 2009 presidential elections (now scheduled for November 11), ending months of speculation in the press regarding his potential participation. Lagos thanked those who had courted him -- the Party for Democracy (PPD) openly declared their support for him months ago despite his own insistence at the time that he was not a candidate -- and criticized "some leaders" within the governing coalition for not taking seriously enough the Concertacion need for order and discipline. Lagos stated that he is available to campaign for the eventual Concertacion candidate and "any other tasks the Concertacion assigns me."

The Concertacion: We Need a Candidate Now!

3. (U) Lagos' "withdrawal" from the race generated renewed jockeying for position among Concertacion hopefuls and speculation regarding who will fill the Lagos void. Jose Miguel Insulza, OAS Secretary General, has been dancing around his own plans to become the Socialist Party (PS) candidate for months. Other coalition parties have their candidates, even if they have not yet been officially announced. Senator Jose Antonio Gomez of the Radical Social Democrat Party (PRSD) and former President and Senator Eduardo Frei of the Christian Democrats (DC) have both announced their intent to represent their parties in a Concertacion primary. Frei has already elaborated a platform which includes constitutional reforms. (Note: The PRSD is the smallest Concertacion party and won't have the votes to win a coalition primary. End note.) Lagos' decision leaves the PPD to decide if it will run its own candidate in a Concertacion primary or back one of the other coalition hopefuls.

4. (U) After Lagos' withdrawal, PS President Camilo Escalona and

other PS congressmen emphatically stated to the press that Jose Miguel Insulza should move back to Chile and officially declare his candidacy as soon as possible, if he indeed intends to run. Deputy Marcelo Schilling stated to the press on December 9 that "we have no time left, all the deadlines have passed."

¶15. (U) The DC, still the largest Concertacion party despite deep losses in the October municipal elections, is expected to officially announce Eduardo Frei as its presidential candidate at or shortly after its national party congress December 13. Meanwhile, the PPD's general council meeting is not scheduled until January 16, just ten days prior to the deadline for registering candidates in the Concertacion primary.

Insulza Comes to Chile "To Talk"

¶16. (U) Upon arrival in Chile on December 11, OAS Secretary General Jose Miguel Insulza declared to the press that he is ready to participate in the Concertacion primary as long as he has the support of both the PS and the PPD, but that "under other circumstances, I'll have to see." In a separate television interview on December 10 from Panama he stated that he wants to be President of Chile, but that "ideally, for me, the Concertacion should have a single candidate. I am going to talk to the PPD, the PRSD, and the DC and see what possibilities for an agreement exist."

Concertacion parties agreed last month to hold primaries on April ¶26. Reacting to Insulza's statements, leaders of the PRSD and PPD both rejected the idea of a consensus candidate, declaring to the press that a Concertacion primary is "indispensable."

¶17. (U) When pressed about what may happen regarding his role at the OAS, Insulza reportedly avoided putting any timeline on his possible resignation as Secretary General and said he would make such decisions "when appropriate." Resisting pressure to officially declare his candidacy, he mentioned that, in 2005, the Concertacion only defined its candidate in May, "so we are fine with the timing, we can take the time to talk and discuss and have a dialogue among the political actors."

The Opposition: Pinera or a Primary?

¶18. (U) National Renovation (RN) candidate Sebastian Pinera continues to perform well in the latest polls -- where those surveyed give him a landslide win against Frei or Insulza in the first round if the election were to be held now. While the Independent Democratic Union (UDI) has been slow to officially throw its support behind their Alianza coalition partner, Pinera is likely to get an additional boost if, as press reports on December 11 suggest, the UDI at its general meeting on December 12 officially back Pinera as the Alianza's single candidate.

Meanwhile, On the Margins

¶19. (U) Not to be left out of the presidential candidate scramble, President of the Senate Adolfo Zaldívar, who was expelled from the DC in December 2007 (Ref B) also made statements to the press that he will be running for president in 2009, most likely as the candidate for the Regional Independent Party (PRI), a small party that his supporters, all ex-DC known as "colorines" (Ref C), joined earlier this year. Zaldívar will most certainly attract DC votes away from the Concertacion candidate, but a Frei candidacy could stem that tide.

¶10. (U) Another Senator, Alejandro Navarro, resigned from the PS in November to run for President as the candidate for "We Can Do More," (JP) a coalition made up of the Communist Party, the Humanist Party and other smaller leftist parties.

Doing the Math

¶11. In October's municipal elections PRI, JP and independents together won over 18 percent of councilmember seats nationwide. Their candidates could complicate the electoral scenario for the Concertacion, leaving an opening for an Opposition win in the first round. (Note: A candidate must win 50 percent plus one vote to win

in the first round. End note). However, in a run-off election, a majority of the votes from these smaller parties and independents would most likely go to the Concertacion candidate.

¶12. (SBU) Comment: The current jockeying for position among Concertacion presidential hopefuls is considered political suicide by some sectors of the Concertacion, who see a unified consensus candidate and a disciplined coalition as the only recipe for success in 2009 and the installation of a fifth Concertacion government. However, others argue that primaries will provide more legitimacy, mobilize voters and demonstrate that the Concertacion can renew itself with fresh ideas. With the itinerary for a Concertacion primary already set, it is unlikely that Insulza will manage to become a consensus candidate. The probable scenario is an Insulza-Frei primary in April while the Alianza's candidate will be Sebastian Pinera. In the meantime, the presidential politicking is already overshadowing the Bachelet administration, which will face an uphill battle over the next year in terms of making gains in its legislative agenda. End comment.